

ORIGINAL

Case No.	DG 14-380
Exhibit No.	24
By	Francisco C. DaFonte
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Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities

DG 14-380

Petition for Approval of a Firm Transportation Agreement with the Tennessee Gas Pipeline Company, LLC

Staff 2015-03-17 Tech Session Data Requests

Date Request Received: 3/23/15
Request No. Staff Tech-23

Date of Response: 4/2/15
Respondent: Francisco C. DaFonte

REQUEST:

Refer to Da Fonte Direct Testimony, pp 14-17 and 20, and answer the following:
Please explain the decision making and facilities management process that would be undertaken were the Company to “mothball” one or more of the propane facilities?

RESPONSE:

Before making the decision to retire any propane facilities the Company would update its demand forecast to reflect the most current actual usage information, projected econometric data, projected growth, projected energy efficiency savings and growth and expansion of the Company’s Keene Division and any new service territories. Based on the comparison of the demand forecast to available resources, the Company would then determine whether it had the ability to retire any of its propane facilities or replace them with any alternative resource options available in the marketplace at a given point in time.

For example, as shown below and in Table III on Bates p. 18 of the company’s filing, using the filed demand forecast and comparing it to available resources before and after the NED project comes on line demonstrates that the Company would have sufficient capacity through 2037-2038 to satisfy its projected customer demand.

Table III

<u>Year</u>	<u>Design Day Resources w/NED</u>	<u>Design Day Demand</u>	<u>Reserve/(Deficiency)</u>
2014/15	155,033	146,968	8,065
2015/16	155,033	153,155	1,878
2016/17	155,033	157,039	-2,006
2017/18	155,033	160,686	-5,653
2018/19	155,033	164,526	55,507
2019/20	220,033	167,773	52,260
2020/21	220,033	171,229	48,804

<u>Year</u>	<u>Design Day Resources w/NED</u>	<u>Design Day Demand</u>	<u>Reserve/(Deficiency)</u>
2021/22	220,033	174,088	45,945
2022/23	220,033	176,851	43,182
2023/24	220,033	179,790	40,243
2024/25	220,033	182,421	37,612
2025/26	220,033	184,768	35,265
2026/27	220,033	187,295	32,738
2027/28	220,033	189,944	30,089
2028/29	220,033	192,341	27,692
2029/30	220,033	194,851	25,182
2030/31	220,033	197,886	22,147
2031/32	220,033	200,609	19,424
2032/33	220,033	203,366	16,667
2033/34	220,033	206,238	13,795
2034/35	220,033	209,190	10,843
2034/36	220,033	212,101	7,932
2036/37	220,033	214,790	5,243
2037/38	220,033	217,519	2,514

However, making a decision to remove all of the propane assets from the portfolio once the NED capacity comes on line would reduce the available design day resources by 34,600 Dth. As shown in Table Staff Tech-23(a) below, comparing the available resources without the propane plants to the demand forecast in Table III above would show that the Company would have a resource deficiency as early as 2026-2027 or only 8 years following the in-service date of the NED project.

Table Staff Tech-23(a)

<u>Year</u>	<u>REVISED Design Day Resources w/NED</u>	<u>Design Day Demand</u>	<u>Reserve/(Deficiency)</u>
2014/15	155,033	146,968	8,065
2015/16	155,033	153,155	1,878
2016/17	155,033	157,039	(2,006)
2017/18	155,033	160,686	(5,653)
2018/19	155,033	164,526	20,907
2019/20	185,433	167,773	17,660
2020/21	185,433	171,229	14,204
2021/22	185,433	174,088	11,345
2022/23	185,433	176,851	8,582
2023/24	185,433	179,790	5,643

<u>Year</u>	<u>REVISED Design Day Resources w/NED</u>	<u>Design Day Demand</u>	<u>Reserve/(Deficiency)</u>
2024/25	185,433	182,421	3,012
2025/26	185,433	184,768	665
2026/27	185,433	187,295	(1,862)
2027/28	185,433	189,944	(4,511)
2028/29	185,433	192,341	(6,908)
2029/30	185,433	194,851	(9,418)
2030/31	185,433	197,886	(12,453)
2031/32	185,433	200,609	(15,176)
2032/33	185,433	203,366	(17,933)
2033/34	185,433	206,238	(20,805)
2034/35	185,433	209,190	(23,757)
2034/36	185,433	212,101	(26,668)
2036/37	185,433	214,790	(29,357)
2037/38	185,433	217,519	(32,086)

Further, taking the original demand forecast shown in Table I of the Company’s filing and updating it to include the most recent design day estimate for returned capacity-exempt load of 3,363 Dth per day (see the Company’s response to Staff request Staff Tech-40) and the design day demand for the Company’s Keene Division and potential new service territories of 6,500 Dth per day (see the Company’s response to Staff request Staff Tech-11), would result in the revised demand forecast shown in Table Staff Tech-23(b) below.

Table Staff Tech-23(b)

<u>Year</u>	<u>Design Day IRP</u>	<u>Design Day Updated</u>	<u>REVISED Capacity Exempt</u>	<u>Keene/ New Expansion</u>	<u>iNATGAS</u>	<u>REVISED Total Updated Design Day</u>
2014/15	146,630	145,184	3,363	0	0	148,547
2015/16	149,433	147,379	3,414	0	3,965	154,758
2016/17	153,799	149,581	3,465	0	5,619	158,665
2017/18	157,380	152,205	3,526	0	6,611	162,341
2018/19	160,740	154,823	3,586	1,716	7,800	167,926
2019/20	163,085	158,030	3,661	3,241	7,800	172,732
2020/21	165,466	160,457	3,717	4,862	8,800	177,835
2021/22	167,881	163,280	3,782	6,077	8,800	181,940
2022/23	170,331	166,010	3,845	6,500	8,800	185,156
2023/24	172,817	168,913	3,913	6,614	8,800	188,240
2024/25	175,339	171,513	3,973	6,715	8,800	191,001
2025/26	177,898	173,831	4,027	6,806	8,800	193,465
2026/27	180,494	176,327	4,084	6,904	8,800	196,116

<u>Year</u>	<u>Design Day IRP</u>	<u>Design Day Updated</u>	<u>REVISED Capacity Exempt</u>	<u>Keene/ New Expansion</u>	<u>iNATGAS</u>	<u>REVISED Total Updated Design Day</u>
2027/28	183,129	178,945	4,145	7,006	8,800	198,896
2028/29	185,802	181,312	4,200	7,099	8,800	201,412
2029/30	188,513	183,792	4,257	7,196	8,800	204,046
2030/31	191,265	186,790	4,327	7,314	8,800	207,230
2031/32	194,056	189,480	4,389	7,419	8,800	210,089
2032/33	196,889	192,203	4,452	7,526	8,800	212,981
2033/34	199,762	195,040	4,518	7,637	8,800	215,995
2034/35	202,678	197,957	4,585	7,751	8,800	219,093
2034/36	205,636	200,832	4,652	7,863	8,800	222,148
2036/37	208,638	203,489	4,714	7,967	8,800	224,970
2037/38	211,683	206,184	4,776	8,073	8,800	227,834

Comparing the Revised Total Updated Design Day forecast in Table Staff Tech-23(b) to the Revised Design Day Resources w/NED in Table Staff Tech-23(a) would then show the resulting deficiency of resources in Table Staff Tech-23(c) beginning as early as 2023-2024 or only 5 years following the in-service date of the NED project.

Table Staff Tech-23(c)

<u>Year</u>	<u>REVISED Design Day Resources w/NED</u>	<u>REVISED Total Updated Design Day</u>	<u>Reserve/(Deficiency)</u>
2014/15	155,033	148,547	6,486
2015/16	155,033	154,758	275
2016/17	155,033	158,665	(3,632)
2017/18	155,033	162,341	(7,308)
2018/19	155,033	167,926	17,507
2019/20	185,433	172,732	12,701
2020/21	185,433	177,835	7,598
2021/22	185,433	181,940	3,493
2022/23	185,433	185,156	277
2023/24	185,433	188,240	(2,807)
2024/25	185,433	191,001	(5,568)
2025/26	185,433	193,465	(8,032)
2026/27	185,433	196,116	(10,683)
2027/28	185,433	198,896	(13,463)
2028/29	185,433	201,412	(15,979)
2029/30	185,433	204,046	(18,613)
2030/31	185,433	207,230	(21,797)
2031/32	185,433	210,089	(24,656)

<u>Year</u>	<u>REVISED Design Day Resources w/NED</u>	<u>REVISED Total Updated Design Day</u>	<u>Reserve/(Deficiency)</u>
2032/33	185,433	212,981	(27,548)
2033/34	185,433	215,995	(30,562)
2034/35	185,433	219,093	(33,660)
2034/36	185,433	222,148	(36,715)
2036/37	185,433	224,970	(39,537)
2037/38	185,433	227,834	(42,401)

Because of the many variables at play in any demand forecast and the uncertainty of market conditions in the future, it is imperative that EnergyNorth or any utility maintain as much flexibility in its portfolio to be able to adapt to its customers' needs and to changing market conditions. Having the NED capacity in place allows the company to hold on to its propane facilities for as long as deemed necessary. Further, maintaining that flexibility provides the Company with negotiating leverage with any future project developer.